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Message Text

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TO SECSTATE WASHDC PRIORITY 8645
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C O N F I D E N T I A L SECTION 1 OF 2 SOFIA 1695

C O R R E C T E D C O P Y - PARAS FOUR AND FIVE

E.O. 11652: GDS
TAGS: OVIP (POPOV, IVAN)
SUBJECT: POPOV VISIT - - OBJECTIVES AND RECOMMENDATIONS

REF: SOFIA 1611

1. BULGARIAN OBJECTIVES: VICE PREMIER IVAN POPOV IS COMING TO THE US FOR THREE IMMEDIATE PURPOSES AND ONE BASIC REASON. THE IMMEDIATE PURPOSES ARE TO (A) CONTRIBUTE TO THE PROCESS OF IMPROVING US-BULGARIAN RELATIONS; (B) MAKE PURCHASES AND ARRANGEMENTS, WHICH COULD RUN INTO LARGE FIGURES, WITH AMERICAN BUSINESS FIRMS IN CONNECTION WITH BULGARIA'S NEXT FIVE-YEAR PLAN; AND (C) IMPROVE BULGARIA'S IMAGE IN THE US. THE BASIC REASON IS THAT BULGARIA NEEDS TO RAISE THE PRODUCTIVITY OF ITS INDUSTRY AND AGRICULTURE AND TO THIS END WANTS ACCESS TO AMERICAN TECHNOLOGY. BULGARIA'S LABOR FORCE IS FULLY EMPLOYED BUT ITS UTILIZATION NEEDS TO BE RATIONALIZED TO MAINTAIN THE MOMENTUM OF ECONOMIC EXPANSION.

2. AMERICAN OBJECTIVES:
A. ECONOMIC. WE CAN MAKE MONEY. THERE IS NO
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URGENT REASON WHY WE SHOULD WANT TO DO BUSINESS WITH

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BULGARIA ON CONCESSIONAL TERMS, BUT THERE ARE SUBSTANTIAL
BUSINESS OPPORTUNITIES IF CURRENT DISCRIMINATIONS CAN
BE REMOVED THROUGH NEGOTIATION WHEN THIS BECOMES
POSSIBLE.

B. POLITICAL. THE POPOV VISIT IS AN IMPORTANT
ELEMENT IN THE IMPROVEMENT AND BROADENING OF RELATIONS
ON WHICH BOTH COUNTRIES AGREED TWO YEARS AGO. IT OFFERS
US AN OPPORTUNITY TO TELL A BULGARIAN DECISION-MAKER
WHAT WE MEAN BY DETENTE AND WHAT OUR POSITIONS ARE ON
OTHER MAJOR POLICY QUESTIONS. IN DISCUSSING BILATERAL
RELATIONS WE SHOULD FRANKLY SAY THAT WHILE WE ACKNOWLEDGE
THAT BULGARIA HAS MADE PROGRESS IN REMOVING IRRITANTS,
RELATIONS ARE STILL BADLY DEFICIENT IN THE FIELDS OF IN-
FORMATION AND CULTURAL EXCHANGE. NO USEFUL PURPOSE WOULD
BE SERVED BY TRYING TO INCREASE OUR INFLUENCE IN BULGARIA
AT THE EXPENSE OF THE SOVIETS, WHICH WOULD BE IMPOSSIBLE
IN ANY EVENT; BUT THERE IS POLITICAL BENEFIT IN THE LONG
RUN IN COUPLING THE INCREASE OF ECONOMIC CONTACTS WITH
AN INCREASE OF CONTACTS ALSO IN OTHER FIELDS. WHILE WE
SEE NO SPECTACULAR RESULTS FROM THE POPOV VISIT, IT CAN
CONTRIBUTE IMPORTANTLY TO OPENING WINDOWS AND LETTING IN
FRESH AIR.

3. BULGARIA'S IMAGE. BULGARIANS ARE FED UP WITH HEARING
THAT THEIR COUNTRY'S EXISTENCE IS VIRTUALLY UNKNOWN
IN AMERICA AND THAT THOSE OF OUR PEOPLE WHO HAVE HEARD
ABOUT BULGARIA STILL THINK IN TERMS OF A STEREOTYPE
OF YOGHURT-EATING SHEPHERDS SOME OF WHOM MAKE ROSE OIL
AND ALL OF WHOM ARE SUBSERVIENT TO THE RUSSIANS.
BULGARIA CLAIMS A GNP OF $30 BILLION AND HAS PROBLEMS
TO MATCH, IT HAS MORE PEOPLE IN INDUSTRY THAN IN AGRI-
CULTURE, IT IS A MAJOR EXPORTER OF AGRICULTURAL
PRODUCTS, MACHINERY, PETROCHEMICALS AND CHEMICALS, AND
HAS GROWING SALES IN ELECTRONICS. IT IS A SERIOUS
POTENTIAL MARKET FOR US PRODUCTS. POPOV AND COMPANY
WILL POINT OUT THAT WHILE THEY ARE CLOSE TO THE USSR
THIS IS VERY BENEFICIAL TO THEM, AND THEY WILL CLAIM
THAT THERE IS NO INHIBITION ON THEIR SIDE TO INCREASING
THE PROPORTION OF TRADE WITH WESTERN COUNTRIES.
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4. ARE THE BULGARIANS SENTIMENTAL? BULGARIA HAS A
REPUTATION IN WASHINGTON FOR HAVING AN ELEPHANT HIDE
WHEN IT COMES TO ANYTHING LIKE A SUBTLE POLITICAL DIA-
LOGUE; AND THIS IS FULLY DESERVED IN THE SENSE THAT THEY
ARE PROBABLY IMPERVIOUS TO SUBTLE THREATS OR SUBTLE
FLATTERY; BUT THE BULGARIAN LEADERSHIP IS QUITE VAIN
AND INSECURE IN DEALINGS WITH WESTERN COUNTRIES, AND

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NOT UNAFFECTED BY WORLD PUBLIC OPINION. IN A SENSE
THEY ARE "COURTING" US, AND IN THIS IDEOLOGICALLY AWK-
WARD SITUATION CAN BE VERY THIN-SKINNED WHEN IT COMES
TO REAL OR IMAGINED SLIGHTS. THE CURRENT RAPPROCHE-
MENT WITH THE US HAS ENEMIES HERE, AND THE POPOV
VISIT WILL BE WATCHED BY THE HARD-LINERS FOR SOUR NOTES.

5. THE QUESTION OF AGREEMENTS: POPOV WILL SURELY
PUSH FOR EARLY INITIATION OF NEGOTIATIONS FOR AT LEAST
ONE OF THE BILATERAL AGREEMENTS OF WHICH BULGARIANS
HAVE PRESENTED US WITH SEVERAL DRAFTS: TECHNICAL,
SCIENTIFIC, CULTURAL, AGRICULTURAL, NAVIGATION, AERO-
NAUTICAL. HE WILL EXPLAIN THAT CONCLUSION OF SUCH
AGREEMENTS IS THE BEST WAY OF INSTITUTIONALIZING CO-
OPERATION. I FIND THIS ARGUMENTATION QUITE CONVINCING,
ESPECIALLY WHEN HE DISARMINGLY ADMITS THAT WHAT SUCH AGREEMENTS
SAY IS NOT AS IMPORTANT AS THE FACT
OF THEIR CONCLUSION; AND A NUMBER OF OUR ALLIES ARE DOING
PROFITABLE BUSINESS HERE ON BASIS OF SUCH LARGELY SYM-
BOLIC UNDERPINNING. I SUSPECT THAT IN BULGARIAN EYES A MEASURE OF
THE SUCCESS OF POPOV'S VISIT TO WASHINGTON WILL BE WHETHER HE IS
ABLE TO BUDGE US ON THIS MATTER. AS EXPLAINED SOFIA
1119 IT IS REALLY THE US THAT STANDS MOST TO GAIN FROM
NEGOTIATING AGREEMENTS ON CULTURAL/EDUCATIONAL EXCHANGES
AND SCIENTIFIC/TECHNICAL COOPERATION BECAUSE THE BUL-
GARIANS ALREADY GET FROM US MUCH OF WHAT THEY WANT IN
THE LATTER FIELDS.

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INFO OCT-01 ISO-00 EURE-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

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C O N F I D ENN T I A L FINAL SECTION OF 2 SOFIA 1695

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6. THE AGRICULTURE ANGLE. WITH DUE DEFERENCE TO SECRETARY DENT, WHO WILL BE POPOV'S HOST IN WASHINGTON I THINK IT IS SECRETARY BUTZ WHO HOLDS THE GREATEST SEX APPEAL FOR THE BULGARIAN DELEGATION; AND THE SUCCESS OF COMMERCE'S EFFORTS (WITH USIA) AT OUR PAVILION AT THE PLOVDIV FAIR PROVES IT. THE BULGARIANS WANT MODERN AMERICAN AGRICULTURAL TECHNOLOGY. THEY KNOW THAT THIS FIELD IS ONE IN WHICH SOVIETS CANNOT POSSIBLY HELP THEM AND IN FACT ARE SEEKING THE SAME TECHNOLOGY AND EQUIPMENT. THERE IS A "FIT" WITH AMERICAN ENTREPRENEURS WHO PROMISE TO INCREASE CROP YIELDS IN RETURN FOR A SHARE OF SUCH AN INCREASE (THE AGRICULTURAL EQUIVALENT OF INDUSTRIAL COOPERATION). BULGARIANS ARE NOT ONLY IN THE MARKET FOR AGRICULTURAL MACHINERY BUT ALSO FOR TECHNICAL TRAINING IN THE US. THEY CLAIM THAT AN AGRICULTURAL COOPERATION AGREEMENT WOULD ALSO BENEFIT US BECAUSE THEY HAVE A HIGHLY CONFIDENTIAL

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DEVELOPED AGRICULTURAL SCIENCE. THIS HAS BEEN CONFIRMED BY DR. JORDAN LEVIN OF USDA WHO RECENTLY VISITED HERE IN CONNECTION WITH THE PLOVDIV FAIR. FOR OUR DIPLOMACY IN BULGARIA POPOV'S VISIT WITH SECRETARY BUTZ WILL BE OF KEY IMPORTANCE.

7. FINANCING. NOT ONLY IS BULGARIA SEEKING OUR TECHNOLOGY AND EQUIPMENT, IT NEEDS CAPITAL AND WILL BE LOOKING FOR IT DURING THIS TRIP. AS REGARDS BULGARIA'S CREDIT RATING, THE SIZE OF BULGARIA'S GOLD AND FOREIGN CURRENCY HOLDINGS IS A STATE SECRET, AND A MAN CAN BE SHOT HERE FOR REVEALING IT TO A FOREIGN GOVERNMENT. UNDER THESE CIRCUMSTANCES GAUGING THE COUNTRY'S ABILITY TO MEET ITS FOREIGN COMMITMENTS AMOUNTS TO MAKING AN EDUCATED GUESS. ELEMENTS OF THIS PICTURE ARE (A) THE FACT THAT THE USSR HAS ALREADY ONCE BAILED OUT BULGARIA WHEN IT HAD TEMPORARY PAYMENTS DIFFICULTIES; (B) CURRENT LOPSIDED TRADE BALANCE IN FAVOR OF MOST WESTERN TRADE PARTNERS (EXCEPT ITALY) PLUS JAPAN, ONLY PARTLY COMPENSATED BY HARD-CURRENCY EARNINGS FROM TOURISM; (C) OVERHANGING

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PROSPECT OF INCREASE IN SOVIET
PRICE FOR OIL, GAS AND ELECTRICITY IN 1976 IF NOT BE-
FORE; (D) JUDGEMENT OF MOST WESTERN BANKERS, NEVERTHE-
LESS, THAT BULGARIA'S GROWING ECONOMY AND DEVELOPMENT
OF WESTERN MARKETS MAKE IT A GOOD CREDIT RISK. THIS
LATTER JUDGEMENT IS BASED IN LARGE PART ON BULGARIA'S
VERY FAVORABLE RELATIONSHIP WITH THE USSR. THERE ARE,
HOWEVER, INDICATIONS THAT THE MASSIVE SOVIET SUPPORT
BULGARIA RECEIVED IN THE PAST MAY NOT BE AS SUBSTANTIAL
DURING THE NEXT FIVE-YEAR PLAN.

8. DEBATING POINTS. WE SHOULD NOT ALLOW POPOV AND
COMPANY TO CLAIM THAT THE ISSUE OF DIVIDED FAMILIES IS
FULLY TAKEN CARE OF BY THEIR DECLARED INTENTION TO
SETTLE IT ON A CASE-BY-CASE BASIS. THE PROOF OF THAT
PUDDING IS YET TO COME. IF DURING HIS MEETING IN THE
STATE DEPT HE RAISES THE KHRISTOFF CASE WE SHOULD
EXPLAIN THAT WE ARE NOT PREVENTING ANYONE WHO DESIRES
TO LEAVE AMERICA FROM GOING; AND THAT BULGARIANS COULD
EASILY TEST (AND INFLUENCE IN A LEGITIMATE WAY) THE
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DESIRES OF THE KHRISTOFF BOY BY HAVING HIS MOTHER
VISIT HIM IN CALIFORNIA. DESPITE A REAL IMPROVEMENT
IN ATMOSPHERE, OUR EMBASSY IN SOFIA STILL CANNOT
READILY MAKE CONTACTS EVEN WITH APPROPRIATE OFFICIALS
IN THE PARTY, GOVERNMENT, CULTURAL, EDUCATIONAL AND
COMMERCIAL AREAS OF INTEREST. EMBASSY LIBRARY IS RARELY
USED BY BULGARIANS BECAUSE BULGARIAN PROPAGANDA HAS
BEEN SUCH THAT THE PUBLIC KNOWS THAT VISITING THE LIBRARY

S FROWNED ON.

9. FOLLOW-UP VISIT. OUR INTEREST IN HAVING THE VISIT
TAKE PLACE IN A RELATIVELY LOW-KEY MANNER IS NOT INCOM-
PATIBLE WITH POPOV'S DESIRE TO FURNISH AT LEAST SOME
BACKGROUND ABOUT BULGARIA TO THE PRESS SO THAT IT MAY
BE BETTER KNOWN; BUT THERE WILL PROBABLY BE TROUBLE WITH
RESPECT TO THE KIND OF HIGH-SOUNDING COMMUNIQUE THAT
THE BULGARIANS NEED AT THE END OF SUCH VISIT. ONE ELE-
MENT OF COMPROMISE WOULD BE TO INCLUDE AT LEAST PUBLIC
ASSURANCE TO THE BULGARIANS THAT WE DID NOT REGARD THE
POPOV VISIT AS A ONE-SHOT AFFAIR AND THAT WE INTEND TO
KEEP THIS KIND OF DIALOGUE OPEN THROUGH FUTURE EXCHANGES
OF HIGH-LEVEL VISITORS. POPOV NEEDS THIS, BUT I NEED
IT TOO. IF HE RETURNS WITHOUT THIS ELEMENT, NO
MATTER HOW NICE WE ARE TO HIM AND NO MATTER WHAT
ELSEHE COMES BACK WITH, THE BULGARIAN LEADERSHIP
WILL REGARD HIS VISIT AS LESS THAN SUCCESSFUL.
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